

UNION BUDGET OF INDIA

2020-21

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2020-21

Union Budget



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Union Finance Minister, Smt. Nirmala Sitharaman in the Parliament today presented the Union Budget for the Financial Year 2020-21. Key numbers of the budget are as follows:



KEY NUMBERS

(in ₹ crore)

	2018-19 (Actuals)	2019-20 (Budget Estimates)	2019-20 (Revised Estimates)	2020-21 (Budget Estimates)
Revenue Receipts	15,52,916	19,62,761	18,50,101	20,20,926
Capital Receipts	7,62,197	8,23,588	8,48,451	10,21,304
Total Receipts	23,15,113	27,86,349	26,98,552	30,42,230
Total Expenditure	23,15,113	27,86,349	26,98,552	30,42,230
Revenue Deficit	4,54,483	4,85,019	4,99,544	6,09,219
Effective Revenue Deficit	2,62,702	2,77,686	3,07,807	4,02,719
Fiscal Deficit	6,49,418	7,03,760	7,66,846	7,96,337
Primary Deficit	66,770	43,289	1,41,741	88,134

PART A — TAX PROPOSALS

DIRECT TAXES

- ▲ **New and simplified personal income tax regime** proposed wherein tax rates are as follows:

Taxable Income (in Rs.)	Existing Tax Rates	New Tax Rates
0 - 2,50,000	Exempt	Exempt
2,50,000 – 5,00,000	5%	5%
5,00,000 – 7,50,000	20%	10%
7,50,000 – 10,00,000	20%	15%
10,00,000 – 12,50,000	30%	20%
12,50,000 – 15,00,000	30%	25%
Above 15,00,000	30%	30%

- ▲ Around **70 of the existing exemptions and deductions** (more than 100) to be **removed** in the new simplified regime.
- ▲ **New tax regime to be optional** - an individual may continue to pay tax as per the old regime and avail deductions and exemptions.
- ▲ New Tax rate of **15%** u/s 115BAB extended to **new domestic electricity generation companies**.
- ▲ Finance Minister has proposed to **remove DDT**, and adopt the classical system of dividend taxation, under which the **companies would not be**



required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.

- ⬆ **Start-ups** with **turnover up to Rs. 100 crore** to enjoy **100% deduction** for 3 consecutive assessment years out of 10 years.
- ⬆ **Turnover threshold for tax audit increased to Rs. 5 crore from Rs. 1 crore** for businesses carrying out **less than 5% business transactions in cash.**
- ⬆ Parity brought between cooperatives and corporate sector by giving an **option to cooperative societies** to be **taxed at 22% + 10% surcharge and 4% cess with no exemption/deductions.**
- ⬆ **Cooperative societies exempted** from **Alternate Minimum Tax (AMT)** just like Companies are exempted from the Minimum Alternate Tax (MAT).
- ⬆ **100% tax exemption** to the interest, dividend and capital gains income on investment made in infrastructure and priority sectors before 31st March, 2024 with a minimum lock-in period of 3 years by the Sovereign Wealth Fund of foreign governments.
- ⬆ **Additional deduction up to Rs. 1.5 lakhs** for interest paid on loans taken for an **affordable house** extended till 31st March, 2021.
- ⬆ **“Vivad Se Vishwas”** scheme, with a deadline of 30th June, 2020, to reduce litigations in direct taxes. **Waiver of interest and penalty** - only disputed taxes to be paid for payments till 31st March, 2020.
- ⬆ **Faceless appeals** to be enabled by amending the Income Tax Act.
- ⬆ **Unique registration number (URN)** to be issued to all new and existing **charity institutions.**
- ⬆ **Pre-filling in return** through information of donations furnished by the **donee.**



INDIRECT TAXES

- ▲ Simplified GST returns with features like **SMS based filing for nil return** and **improved input tax credit flow** to be implemented from 1st April, 2020 as a pilot run.
- ▲ **Customs duty raised on footwear** to 35% from 25% and on furniture goods to 25% from 20%.
- ▲ **5% health cess to be imposed on the imports of medical devices**, except those exempts from Basic Customs Duty.
- ▲ **Excise duty proposed to be raised on Cigarettes and other tobacco products**. No change made in the duty rates of bidis.

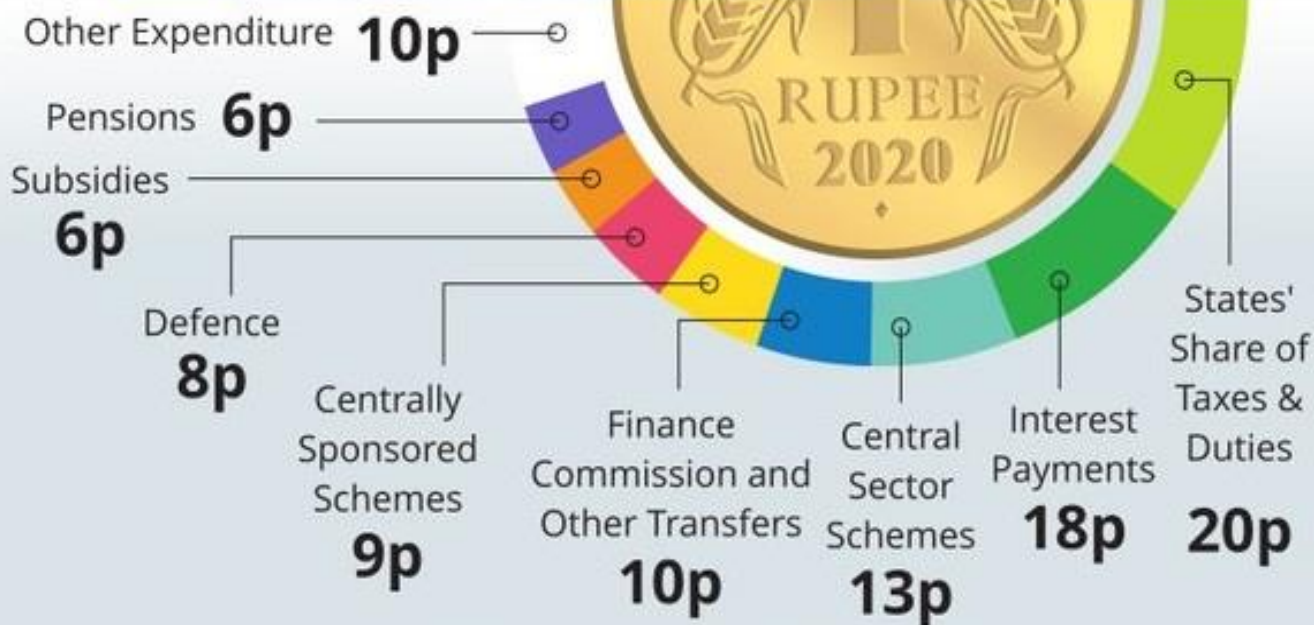


PART B – ECONOMY

FISCAL MANAGEMENT

- ▲ For the FY 2019-20:
 - Revised Estimates of Expenditure: at Rs.26.99 lakh Crores
 - Revised Estimates of Receipts: estimated at Rs.19.32 lakh Crores
- ▲ For year 2020-21:
 - **Nominal growth of GDP estimated at 10%.**
 - Receipts: estimated at Rs.22.46 lakh Crores
 - Expenditure: at Rs.30.42 lakh Crores
- ▲ Fiscal deficit of **3.8%** estimated in Revised Estimate 2019-20 and **3.5%** for Budget Estimate 2020-21.

RUPEE COMES FROM



RUPEE GOES TO

AGRICULTURE AND RURAL ECONOMY

- ⤴ Government proposed an action plan to boost agriculture and farmers' welfare.
- ⤴ **Kisan Rail** to be setup by Indian Railways through PPP:
 - To build a **seamless national cold supply chain for perishables** (milk, meat, fish, etc.)
 - **Express and Freight trains** to have **refrigerated coaches**.
- ⤴ **Krishi Udaan** to be launched by the **Ministry of Civil Aviation**:
 - Both international and national routes to be covered.
 - North-East and tribal districts to realize Improved value of Agri-products.
- ⤴ **Artificial insemination to be increased to 70%** from the present 30%.
- ⤴ Foot and Mouth Disease, Brucellosis in cattle and Peste des Petits ruminants (PPR) in sheep and goat **to be eliminated by 2025**.
- ⤴ **Village Storage Scheme** to be run by SHGs to provide farmers a good holding capacity and reduce their logistics cost.



EDUCATION AND SKILLS

- ⤴ **National Police University** and **National Forensic Science University** proposed for policing science, forensic science, and cyber-forensics.
- ⤴ Degree level full-fledged **online education program** by Top-100 institutions in the National Institutional Ranking Framework.

Highlights of Union Budget 2020-21

- ▲ Up to **1-year internship** to fresh engineers to be provided by Urban Local Bodies.
- ▲ Budget proposes to attach a **medical college to an existing district hospital** in Public Private Partnership mode.
- ▲ **Special bridge courses** to be designed by the **Ministries of Health and Skill Development** to fulfill the demand for teachers, nurses, para-medical staff and caregivers abroad and to bring in equivalence in the skill sets of the workforce and employers' standards.
- ▲ 150 higher educational institutions to start **apprenticeship embedded degree/diploma** courses by March 2021.
- ▲ **External Commercial Borrowings** and **FDI** to be enabled for education sector.
- ▲ **Ind - SAT** (Standardized undergraduate university Admission test) proposed for Asian and African countries as a part of Study in India program.



INDUSTRY, COMMERCE AND INVESTMENT

- ▲ **National Technical Textiles Mission:**
 - With **four-year implementation period** from 2020-21 to 2023-24.
 - At an estimated **outlay of Rs 1480 crore**.
 - To position India as a **global leader in Technical Textiles**.
- ▲ **NIRVIK scheme** for **exporters to achieve higher export credit disbursement**, which provides for:
 - Higher insurance coverage.



- Reduction in premium for small exporters.
- Simplified procedure for claim settlements.
- ▲ This scheme is expected to support export of around Rs. 30 Lakh Crores in 5 years.
- ▲ It is also proposed to launch a scheme to encourage **manufacture of mobile phones, electronic equipment and semiconductor packaging.**
- ▲ Turnover of **Government e-Marketplace (GeM)** proposed to be taken to Rs **3 lakh crore.**

HEALTH

▲ **PM Jan Arogya Yojana (PMJAY):**

- Viability Gap Funding (VGF) window (incentive scheme in which a certain percentage of total capital cost is paid by the government) proposed for setting up hospitals in the **Public Private Partnership mode.**
- Aspirational Districts with no Ayushman empaneled hospitals to be covered in the first phase.



- ▲ **Jan Aushadhi Kendra Scheme** to offer 2000 medicines and 300 surgicals in all districts by 2024.
- ▲ **TB Harega Desh Jeetega** campaign launched with a commitment to end Tuberculosis by 2025.

▲ **Jal Jeevan Mission:**

- Augmenting local water sources, recharging existing sources, and promoting water harvesting and de-salination.
- Cities with million-plus population to be encouraged to achieve the objective during the current year itself.

WOMEN EMPOWERMENT

- ▲ Allocation of **Rs. 35,600 crore** for nutrition-related programmes proposed for the FY 2020-21.
- ▲ **Rs. 28,600 crores** proposed **for women specific programs.**
- ▲ **Issue about age of a girl entering motherhood** – It is proposed to appoint a task force to present its recommendations in six months' time.



FINANCIAL SECTOR

- ▲ Deposit Insurance and Credit Guarantee Corporation (**DICGC**) permitted to **increase Deposit Insurance Coverage to Rs. 5 lakh from Rs.1 lakh per depositor.**
- ▲ **NBFCs eligibility limit for debt recovery** reduced from:
 - Rs. 500 crore to Rs 100 crore asset size.
 - Rs 1 crore to Rs 50 lakh loan size.
- ▲ **Government to sell its balance holding in IDBI Bank** to private, retail and institutional investors through the stock exchange.

- ▲ **Window for MSME's debt restructuring** by RBI to be extended by one year till March 31, 2021.
- ▲ An **app-based invoice financing** loans product for MSMEs to be launched.



INFRASTRUCTURE

- ▲ A **National Logistics Policy** to be released soon to clarify roles of the Union Government, State Governments and key regulators.
- ▲ **Single window e-logistics** market to be created.
- ▲ **Rs.1.7 lakh crore** proposed for **transport infrastructure** in 2020-21.
- ▲ **Delhi-Mumbai Expressway** and two other packages to be completed by 2023. **Chennai-Bengaluru Expressway** to be started.
- ▲ **Large solar power capacity** to be set up alongside rail tracks, on land owned by railways.
- ▲ **Four station re-development projects** and operation of **150 passenger trains** through **PPP**.
- ▲ More Tejas type trains to connect iconic tourist destinations.



Highlights of Union Budget 2020-21

- ▲ **148 km long Bengaluru Suburban transport project** at a cost of Rs 18,600 crore to have fares on metro model. Central Government to provide 20% of equity and facilitate external assistance up to 60% of the project cost.
- ▲ **100 more airports** to be developed **by 2024** to support Udaan scheme.
- ▲ **“Smart” metering for electricity** to be promoted.
- ▲ **Rs.22,000 crore** proposed for **power and renewable energy** sector in 2020-21
- ▲ **Expansion of national gas grid** from the present 16200 km to 27000 km proposed.

CULTURE AND TOURISM

- ▲ An **Indian Institute of Heritage and Conservation** under Ministry of Culture proposed with the status of a deemed University.
- ▲ **5 archaeological sites to be developed** as iconic sites with on-site Museums:
 - Rakhigarhi (Haryana)
 - Hastinapur (Uttar Pradesh)
 - Shivsagar (Assam)
 - Dholavira (Gujarat)
 - Adichanallur (Tamil Nadu)
- ▲ **Museum on Numismatics** and Trade to be located in the historic Old Mint building in Kolkata.
- ▲ Government to provide support for **setting up of a Tribal Museum in Ranchi** (Jharkhand).
- ▲ **Maritime museum** to be set up at **Lothal- the Harrapan age maritime site** near Ahmedabad, by Ministry of Shipping.



OTHER HIGHLIGHTS

- ⤴ **Government to sell a part of its holding in LIC** by way of **Initial Public Offer (IPO)**.
- ⤴ **Fibre to the Home (FTTH)** connections **through Bharatnet** to link 100,000-gram panchayats this year. Rs.6000 crore proposed for Bharatnet programme in 2020-21.
- ⤴ For **recruitment to Non-Gazetted posts in Government and Public sector banks**, an independent, professional and **specialist National Recruitment Agency (NRA)** for conducting a **computer-based online Common Eligibility Test for recruitment**.
- ⤴ **New National Policy** on Official Statistics to **promote use of latest technologies** including Artificial Intelligence. A Sum of Rs. 100 crores allocated to begin the preparations for G20 presidency to be hosted in India in the year 2022.